



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE

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CALIFORNIA POWER BOND SALE A SUCCESS

Record Municipal Bond Issue Meets Strong Demand, Selling Out in Hours of Coming to Market

SACRAMENTO, CA – California State Treasurer Phil Angelides today announced the sale of \$4.25 billion of the Department of Water Resources' (DWR) Power Supply Revenue Bonds – the initial sale of what will be the largest municipal bond issuance in history at an estimated \$11.95 billion. The sale was met by strong demand from a wide range of institutional investors.

Today's sale was comprised of \$3.75 billion in tax-exempt, variable rate demand bonds, which sold within a few hours of coming to market, and achieved a favorable interest rate of 1.80%. All the bonds are credit enhanced and have 20-year maturities. Another \$500 million of insured auction rate bonds also priced Wednesday morning, with an interest rate of 1.80%.

"This is an important day for California as this bond sale begins to repay the State for costs incurred during the power crisis," California State Treasurer Phil Angelides said.

Proceeds from the bond sale will repay the state for borrowing for the interim loan taken by DWR to purchase power in 2001, and will fund reserves.

"We were extremely pleased with investor demand and the breadth of market interest. Today's market response validates the hard work and perseverance which has been brought to this transaction," Angelides commented.

The remaining \$7.70 billion in Power Supply Revenue Bonds will be sold the week of November 4. Those will be fixed rate, taxable, and tax-exempt bonds with long-term, uninsured ratings of: Moody's Investors Service, A3; Standard & Poor's, BBB+; and Fitch Ratings, A-. Proceeds from this sale will reimburse the State General Fund for advances made to purchase energy last year.

JPMorgan is managing the bond sale and is senior underwriter with Lehman Brothers.

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